

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

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Taxability of Selling Harvested Mushrooms and Other Forest Products

This notice is intended to clarify your tax responsibilities if you sell forest products obtained from state, federal, or private lands.

If your income is \$12,000 or greater per year or you owe retail sales tax, you must register with the **Washington Department of Revenue** and report sales of mushrooms and other forest products (plants, branches, moss, etc.) in this state as explained below.

Business and Occupation Tax:

- ◆ Extracting B&O tax is due on the total amount of sales of harvested forest products.
- ◆ Wholesaling B&O tax is due on sales made to businesses which will resell the item. You must obtain a resale certificate to show that retail sales tax is not due on these sales.
- ◆ Retailing B&O tax is due on your sales made to consumers of your product. (Also, see retail sales tax below.)

If two B&O tax classifications apply to the same sale, you may take the Multiple Activities Tax Credit (use a Schedule C) which will eliminate one (the lesser) of the B&O taxes.

As of July 1, 1994, a B&O tax credit is available for small businesses. The maximum credit is \$35 for monthly, \$105 for quarterly, and \$420 for annual reporters. If your B&O tax is less than these amounts on your return, no B&O tax is due for that period. The credit is phased out dollar for dollar for tax amounts exceeding the maximum credit amount. This credit replaces the gross income exemptions of \$1,000 for monthly, \$3,000 for quarterly, and \$12,000 for annual reporters.

Retail Sales Tax: If you make sales of nonfood products to consumers, retail sales tax must be collected and remitted on those sales. The rate of retail sales tax you must collect varies according to the place in which you sell the product. Contact the Department to obtain a list of local tax rates.

Registering with the Department of Revenue: To register, you must file a Master Business Application with the Department. Master Business Applications can be obtained by calling 1-800-647-7706 or visiting any Department office. After you return the Master Business Application, the Department will send you tax returns to report your sales.

Please refer to Washington Administrative Code (WAC) 458-20-101 for more information on the Department's registration requirements.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.

